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5 UNITED STATES BANKRUPTCY COURT
6
7 NORTHERN DISTRICT OF CALIFORNIA

8 IN RE: CASE NO. 09-12892
9 BETH WAYNE, and CHAPTER 11
DAVID R. WAYNE,
10 DEBTORS. / DEBTORS' CHAPTER 11
PLAN OF REORGANIZATION

11
12 Beth Wayne and David R. Wayne, Debtors herein, propose the
13 following Plan pursuant to Chapter 11 of the Bankruptcy Code:

14 ARTICLE I

15 DEFINITIONS

16 For purposes of the Plan, the following terms shall have the
17 meanings hereinafter set forth:

18 1.01. Allowed claim shall mean a Claim (a) in respect of
19 which a Proof of Claim has been filed with the Court within the
20 applicable period of limitation fixed by Rule 3001, or (b) scheduled
21 in the list of creditors prepared and filed with the Court pursuant
22 to Rule 1007(b) and not listed as disputed, contingent or
23 unliquidated as to amount, in either case as to which no objection
24 to allowance thereof has been interposed with any applicable period
25 of limitation fixed by Rule 3001, or by Order of the Court, or as to
26 which any such objection has been determined which is no longer
27 subject to appeal or certiorari and as to which no appeal or
28 certiorari proceeding is pending.

1 1.02. Allowed Secured Claim shall mean the Allowed Claim
2 secured by a lien, security interest or other charge against the
3 property in which Debtors have an interest, or which is subject to
4 setoff under Section 553 of the Code to the extent of the value
5 (determined in accordance with 506(a) of the Code) of the interest
6 of the holder of such Allowed Claim in the Debtors' interest in such
7 property or to the extent of the amount subject to such setoff, as
8 the case may be.

9 1.03. Claim shall mean any right to payment, or right to an
10 equitable remedy for breach of performance if such breach gives rise
11 to a right to payment, against Debtors in existence on or as of the
12 Petition Date, whether or not such right to payment or right to
13 equitable remedy is reduced to judgment, liquidated, undisputed,
14 legal, secured, unsecured, known or unknown.

15 1.04. Class shall mean any class into which Allowed Claims
16 or Allowed Interests are classified pursuant to Article III.

17 1.05. Class 1 Claims, Class 2 Claims, Class 3 Claims,
18 Class 4 Claims, Class 5 Claims, Class 6 Claims, Class 7 Claims,
19 Class 8 Claims, Class 9 Claims, Class 10 Claims, Class 11 Claims,
20 Class 12 Claims, Class 13 Claims, Class 14 Interestss, Class 15
21 Claims, Class 16 Claims, Class 17 Interests shall mean Allowed
22 Claims and Interests so classified in Sections 3.01 through 3.17
23 respectively.

24 1.06. Bankruptcy Code shall mean the Bankruptcy Code, 11
25 U.S.C. section 101, et seq., and any amendments thereof.

26 1.07. Bankruptcy Court shall mean the United States
27 Bankruptcy Court for the Northern District Of California in which
28 the Debtors' Chapter 11 case, pursuant to which the Plan is

1 proposed, is pending and any Court having competent jurisdiction to
2 hear appeals or certiorari proceedings therefrom.

3 1.08. Confirmation Date shall mean the date upon which the
4 Order of Confirmation is entered by the Court.

5 1.09. Debtors means the Debtors in this Chapter 11 case.

6 1.10. Market rate of Interest means the Federal Judgment
7 Rate in effect on the Confirmation Date or such other rate of
8 interest as the Court determines at the time of confirmation.

9 1.11. Order of Confirmation means the Order entered by the
10 Bankruptcy Court confirming the "Plan" in accordance with provisions
11 of Chapter 11 of the Bankruptcy Code.

12 1.12. Petition Date means September 4, 2009, the date of
13 the filing of the voluntary petition.

14 1.13. Plan means this Chapter 11 Plan, as may be amended or
15 modified in accordance with the Code.

16 1.14. Rules means Bankruptcy Rules, as amended and
17 supplemented by the Suggested Interim Bankruptcy Rules, as adopted
18 by the Court.

19 ARTICLE II

20 EXPENSES OF ADMINISTRATION

21 2.01. Administrative expenses of Debtors' Chapter 11 case
22 allowed pursuant to Section 503(b) of the Code shall be paid in full
23 at the Confirmation Date unless otherwise Ordered by the Court, in
24 cash, or upon such other terms as may be agreed upon by the holder
25 of such claims and Debtors. Any fees due the U.S. Trustee and
26 unpaid on the Confirmation Date shall be paid in full on or before
27 the Confirmation Date.

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ARTICLE III

CLASSIFICATION OF CLAIMS

The Claims are classified as follows:

3.01. Class 1 Claims. Allowed claims entitled to priority pursuant to Section 507 of the Code.

3.02. Class 2 Claims. Allowed secured claim of the County of Humboldt based upon the secured tax roll and secured by real property as follows:

a. 1491 Walker Point, Bayside, CA;

b. 2056 Haegar St., Arcata, CA; and

c. 3222 High St., Eureka, CA.

3.03. Class 3 Claims. Allowed secured claim of Bank of America secured by first priority Deed of Trust on property located at 1491 Walker Point, Bayside, CA.

3.04. Class 4 Claims. Allowed secured claim of Bank of America secured by second priority Deed of Trust on property located at 1491 Walker Point, Bayside, CA.

3.05. Class 5 Claims. Allowed secured claim of Bank of America secured by real property located at 137 14th St., Eureka, CA.

3.06. Class 6 Claims. Allowed secured claim of Bank of America secured by real property located at 4067 Cedar St., Eureka, CA.

3.07. Class 7 Claims. Allowed secured claim of Bank of America secured by real property located at 911 R. Street, Eureka, California.

3.08. Class 8 Claims. Allowed secured claim of Wells Fargo Bank secured by first priority Deed of Trust on real property

1 located at 2056 Haegar St., Arcata, California.

2 3.09. Class 9 Claims. Allowed secured claim of Bank of
3 America/Countrywide secured by second priority Deed of Trust on real
4 property located at 2056 Haegar St., Arcata, California.

5 3.10. Class 10 Claims. Allowed secured claim of Wells
6 Fargo Bank secured by first priority Deed of Trust on real property
7 located at 624 W. Creighton St., Eureka, California.

8 3.11. Class 11 Claims. Allowed secured claim of Humboldt
9 Realty Group 401K Plan secured by second priority Deed of Trust on
10 real property located at 624 W. Creighton St., Eureka, California.

11 3.12. Class 12 claims. Allowed secured claim of Lloyd A.
12 Launer secured by real property located at 3222 High Street, Eureka,
13 California.

14 3.13. Class 13 Claims. Allowed secured claim of Indymac
15 Federal Bank secured by first priority lien on real property located
16 at 842 Greenwood Hgts., Kneeland, California.

17 3.14. Class 14 Interests. Allowed interest of Shoy Nelson
18 in real property located at 842 Greenwood Hgts., Kneeland,
19 California.

20 3.15. Class 15 Claims. Allowed secured claim of Aurora
21 Home Loans secured by real property located at 1608 Hayes, Eureka,
22 California.

23 3.16. Class 16 Claims. Allowed claims of creditors other
24 than those holding allowed Class 1 Claims, Class 2 Claims, Class 3
25 Claims, Class 4 Claims, Class 5 Claims, Class 6 Claims, Class 7
26 Claims, Class 8 Claims, Class 9 Claims, Class 10 Claims, Class 11
27 Claims, Class 12 Claims, Class 13 Claims, Class 14 claims, Class 15
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1 Claims, and Class 17 Interests, including, but not limited to,
2 creditors whose claims may arise out of the rejection of executory
3 contracts and secured creditors to the extent that the Court finds
4 the same unsecured in whole or in part.

5 3.17. Class 17 Interests. Allowed interests of the Debtors
6 herein.

7 ARTICLE IV

8 CLAIMS NOT IMPAIRED UNDER THE PLAN

9 4.01. Class 3 Claims not impaired. Holders of allowed
10 Class 3 Claims shall be paid the regular payment under the terms of
11 the Note and Deed of Trust. Such holder shall retain its interests
12 in the collateral.

13 4.02. Class 12 Claims not impaired. Holders of allowed
14 Class 12 Claims shall be paid the regular payment under the terms of
15 the Note and Deed of Trust. Such holder shall retain its interests
16 in the collateral.

17 ARTICLE V

18 TREATMENT OF IMPAIRED CLASSES OF CLAIMS

19 5.01. Class 1 Claims are impaired. Holders of allowed
20 Class 1 Claims shall be paid in equal monthly installments of
21 principle and interest, or more at the statutory rate over twenty
22 four (24) consecutive months commencing on the effective date of the
23 Plan.

24 5.02. Class 2 Claims are impaired. Holders of allowed
25 Class 2 Claims which are not current on the effective date of the
26 Plan shall be placed on a five year plan as provided by statute for
27 the following property:
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- 1 a. 1491 Walker Point, Bayside, CA;
- 2 b. 2056 Haegar St., Arcata, CA; and
- 3 c. 3222 High St., Eureka, CA.

4 Such holder shall retain its interests in the
5 collateral.

6 5.03. Class 4 Claims are impaired. The lien against the
7 subject real property held by the holder of Class 4 Claims shall be
8 removed from the record title of such property as wholly unsecured.
9 Separate motion or adversary proceeding will be commenced to
10 adjudicate the value of the real property collateral. Such holder
11 shall not retain its security interest in the subject real property.

12 5.04. Class 5 Claims are impaired. Holders of allowed
13 Class 5 claims shall be paid an amount equal to such holder's
14 interest in the Debtors' interest in the collateral in monthly
15 installments of principle and interest at a market rate based upon
16 a thirty year amortization. Such holder shall retain their security
17 interest in the collateral.

18 5.05. Class 6 Claims are impaired. Holders of allowed
19 Class 6 claims shall be paid an amount equal to such holder's
20 interest in the Debtors' interest in the collateral in monthly
21 installments of principle and interest at a market rate based upon
22 a thirty year amortization. Such holder shall retain their security
23 interest in the collateral.

24 5.06. Class 7 Claims are impaired. Holders of allowed
25 Class 7 claims shall be paid an amount equal to such holder's
26 interest in the Debtors' interest in the collateral in monthly
27 installments of principle and interest at a market rate based upon
28 a thirty year amortization. Such holder shall retain their security

1 interest in the collateral.

2 5.07. Class 8 Claims are impaired. Holders of allowed
3 Class 8 Claims shall be paid the monthly payment as provided in the
4 Note together with a sum equal to 1/60th of the any default
5 arrearages commencing on the effective date of the plan until such
6 arrearages have been paid. Confirmation of the Plan shall operate
7 as a cure of all pre-confirmation defaults under the Note and Deed
8 of Trust. Such holder shall retain its interests in the collateral.

9 5.08. Class 9 Claims are impaired. Holders of allowed
10 Class 9 claims shall be paid an amount equal to such holder's
11 interest in the Debtors' interest in the collateral in monthly
12 installments of principle and interest at a market rate based upon
13 a thirty year amortization. Such holder shall retain their security
14 interest in the collateral.

15 5.09. Class 10 Claims are impaired. Holders of allowed
16 Class 10 Claims shall be paid the amount of such claim in monthly
17 installments of principle and interest at a market rate based upon
18 a thirty (30) year amortization. Such payments shall commence on
19 the effective date of the Plan. Such holder shall retain its
20 interests in the collateral.

21 5.10. Class 11 Claims not impaired. Holders of allowed
22 Class 11 Claims shall be paid an amount equal to such holder's
23 interest in the Debtors' interest in the collateral in monthly
24 installments and interest at a market rate based upon a thirty (30)
25 year amortization, or more. Such payments shall commence on the
26 effective date of the Plan. Such holder shall retain its interests
27 in the collateral.

28 5.11. Class 13 Claims are impaired. Holders of allowed

1 Class 13 claims shall be paid together with interest at a market
2 rate on sale of the collateral. Such sale shall occur within six
3 (6) months of the effective date of the Plan. Such holder shall
4 retain its interests in the collateral.

5 5.12. Class 14 Interests are impaired. Holders of allowed
6 Class 14 Interests shall retain such interests subject to the lien
7 securing Class 13 claims and subject to avoidance and preservation
8 of such interests for the estate to the extent not perfected and/or
9 avoidable. Debtors reserve the rights to avoid such interests.

10 5.13. Class 15 Claims are impaired. Holders of allowed
11 Class 15 claims shall be paid an amount equal to such holder's
12 interest in the Debtors' interest in the collateral in monthly
13 installments and interest at a market rate based upon a thirty (30)
14 year amortization, or more. Such payments shall commence on the
15 effective date of the Plan. Such holder shall retain its interests
16 in the collateral.

17 5.14. Class 16 Claims are impaired. Holders of allowed
18 Class 16 Claims shall be paid an aggregate sum of \$28,000.00 on a
19 prorata basis in 60 equal monthly installments commencing on the
20 effective date of the Plan.

21 5.15. Class 17 Interests are impaired. Holders of Class 17
22 Interests shall retain such interests subject to the terms of the
23 Plan.

24 ARTICLE VI

25 TREATMENT OF EXECUTORY CONTRACTS

26 6.01. Executory Contracts. Debtors are not a party to an
27 executory contract.
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1 ARTICLE VII

2 MEANS FOR THE PLAN'S EXECUTION

3 7.01. Debtors shall cause the real property located at 842
4 Greenwood Heights, Kneeland, CA to be sold. Holders of allowed
5 Class 13 claims shall be paid from the proceeds of sale together
6 with interest as herein provided.

7 7.02. Debtors shall continue to offer the rental properties
8 for rent and to collect the rents, provide ordinary maintenance and
9 to provide utilities to the tenants as provided in the rental
10 agreements.

11 7.03. Debtors shall continue to employ the real estate
12 management company to collect rents and to otherwise manage the
13 rented properties.

14 7.04. Debtors shall commence payments to holders of allowed
15 secured claims on the effective date of the Plan as herein set forth.
16 Motions or Adversary Proceedings will be commenced within 90 days of
17 the effective date to determine such secured amounts pursuant to
18 Section 506 where such determination is relevant to the
19 implementation of the Plan terms.

20 7.05. Taxes on the secured tax roll secured by the
21 properties set forth in paragraph 5.02 shall be placed on a five year
22 Plan.

23 7.06. No party shall take any action against the Debtors,
24 their assets, or assets of the estate inconsistent with the terms of
25 the within Plan.

26 7.07. Debtors shall commence payments to the unsecured
27 creditors based upon a prorata distribution of quarterly deposits
28 made at the monthly rate as provided herein. Distributions may be

1 limited to Rules of Professional Conduct;

2 3. Determination of requests for payment of claims
3 entitled to priority under Bankruptcy Code Section 507(a)(1),
4 including compensation of parties entitled thereto;

5 4. Determination of any counter claims against any party
6 filing a claim in the case.

7 5. Resolution of any disputes regarding the
8 interpretation of the Plan;

9 6. Implementation of the provisions of the Plan and
10 entry of Orders in aid of confirmation of the Plan, including without
11 limitation, appropriate orders to protect the Debtors from creditor
12 actions, approval of sale of property, orders for sale free and clear
13 of liens and interests;

14 7. Modification of the Plan pursuant to Section 1127 of
15 Title 11;

16 8. Determination of reasonableness of any attorneys fees
17 and charges claimed by any creditor or lessor;

18 9. Avoidances of avoidable transfers pursuant to the
19 Bankruptcy Code and recovery of improper post petition transfers, and
20 any reserved cause of action, including, but not limited to
21 unperfected interests of holders of Class 14 Interests;

22 10. Determination of secured status, extent of secured
23 status, and Debtors' right to recover expenses from property securing
24 claim pursuant to Bankruptcy Code Section 506;

25 11. Enforcement of all stipulations entered into by the
26 Debtors in possession and Orders and Judgments made by the Court;

27 12. Collection of any sums due the Debtors from other
28 parties or from any other source;

1 13. Determination of rights and causes of action reserved
2 to the Debtors as provided herein; and

3 14. Entry of final decree.

4 ARTICLE IX

5 EFFECT OF CONFIRMATION

6 9.01. Confirmation of the Plan shall have the effect set
7 forth in Bankruptcy Code Section 1141. The rights afforded herein,
8 and the treatment of all claims and interests as set forth herein,
9 shall be in full exchange for, and in complete satisfaction,
10 discharge and release of, all claims and interests of any kind or
11 nature whatsoever, whether known or unknown, matured or contingent,
12 liquidated or unliquidated, existing, arising or accruing, whether
13 or not yet due, prior to the Effective Date, including without
14 limitation any claims or interest on claims, accruing on or after the
15 commencement of the case against the Debtors, the estate, or assets
16 or property thereof. Except as, and to the extent, expressly
17 provided in the Plan or the Confirmation Order, at all times on and
18 after the Effective Date, (a) all such claims against, and interests
19 in, the Debtors or the estate shall be deemed fully and finally
20 satisfied, discharged and released; (b) all persons shall be fully
21 and finally barred, enjoined and precluded from asserting against the
22 reorganized Debtors or their assets, any claims or interests based
23 upon act or omission, transaction, agreement, right, privilege, duty,
24 entitlement, obligation or other event or activity of any kind or
25 nature whatsoever that occurred prior to the Effective Date; and (c)
26 all claims and interests shall be fully and finally discharged as
27 provided in said Section 1141 of the Bankruptcy Code.

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ARTICLE X

ALTERATION OF RIGHTS OF THIRD PARTIES

10.01. Except as expressly stated in the Plan, nothing contained in the Plan or any action taken hereunder alters the rights of holders of claims or interests under Bankruptcy Code Sections 510(a) or 524(a). Except as expressly stated in the Plan, holders of secured claims shall retain their liens on the Debtors' assets to the extent of the allowed amount of such claim.

ARTICLE XI

MISCELLANEOUS

11.01. Notice. All notices required or permitted to be made in accordance with the Plan or by the Code shall be in writing and shall be delivered personally, or by First Class mail:

- a. To Debtors:
David N. Chandler
David N. Chandler, p.c.
1747 Fourth Street
Santa Rosa, CA 95404

b. To the Holder of an Allowed Claim, at the address set forth in the Allowed Proof of Claim, or if none, at the address set forth in the Schedules prepared and filed with the Court pursuant to Section 1007(b).

11.02. Effective Date. For purposes of all determinations to be made pursuant to the Bankruptcy Code in respect to the Plan or any Claim or Interest, the "effective date" of the Plan shall be sixty (60) days following the date the Order of Confirmation becomes final.

11.03. Reservation of Rights. Neither the filing of this Plan nor any statement or provision contained herein, shall be or be deemed to be an admission against interest.

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ARTICLE XII

CONFIRMATION REQUEST

12.01. Beth Wayne and David R. Wayne, Debtors herein, request Confirmation of the Plan pursuant to Section 1129(b) of the Bankruptcy Code.

Dated: 10/14/09 DAVID N. CHANDLER, p.c.

By: /s/ David N. Chandler
DAVID N. CHANDLER,
Attorney for Debtors